



2011 PMOC Annual Meeting

FEDERAL TRANSIT ADMINISTRATION

Real Estate Contamination

Planning

Acquisition

Clean-up



Grantees may acquire contaminated property

- Contaminated property can affect schedules
- Contaminated property can affect budget
- There may not be a way to compel clean-up
- Grantees must be aware of FTA Policy
- Grantees must be aware of their State Laws

What does FTA Expect

- Appraisal consideration of the contaminant
 - 5010.1D sets out a standard approach
 - Each State will have condemnation laws that address the issue
- The real estate market generally adjusts value for contamination
- The practical side: Would you pay as much for a “dirty” parcel as a clean one?
- Remediated parcels may still have a reduction in value for “stigma”

Handling Contamination Practically

- Grantees must plan the acquisition process for these properties
- Grantees must obtain the site environmental reports
- Those reports must be conveyed to appraisers in the Scope of Work
- The Review Appraiser must be aware of the issue
- Grantees need competent attorneys, appraisers, and reviewers

State Laws

- Grantees authority to acquire property is derived from State Law
- Grantees must comply with State condemnation laws even when conflicting with FTA policy
- Policy conflicts need to be addressed in the project RAMP
- Grantees may not be permitted access for testing or to make appraisal adjustments by law

Wrap Up

- More projects are encountering contaminated parcels
- Grantees may not be prepared to address the matter
- FTA Policy seeks an adjustment in the purchase price to compensate for the presence of contaminants
- The project budget may need to be adjusted for clean-up if property is acquired per FTA policy